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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

13 December 1957

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STAFF MEMORANDUM No. 53-57

SUBJECT: OUTLOOK FOR LAOS

A. Progress Toward Unification

1. The Royal Laotian Government (RLG) and the Pathet Lao (PL) appear to have concluded their prolonged negotiations to unify Laos. Although many details must still be worked out, the first stage of the three-stage unification process was completed on 19 November. Prince Souphanouvong, titular head of the PL, pledged allegiance to the crown and symbolically transferred control of the two PL-occupied provinces to the RLG. In return, the National Assembly voted unanimously to include two PL leaders in the RLG cabinet.* The second stage of unification, the integration of PL military and governmental personnel into the RLG government and military forces, is scheduled to be completed by about January 20, 1958. The final stage, the holding supplementary elections for 20 additional National Assembly seats (now 39 in number), is scheduled to take place in March 1958.

* The two cabinet posts — Planning, Reconstruction, and Town Planning; and Public Instruction and Arts — are not directly involved in Laos national security but offer considerable opportunities on a political front. Especially in the longer run, the former portfolio provides the opportunity to make some real progress in overcoming Laos' downcast economic state.

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2. According to the Military Agreement, the Lao National Army (ANL) troops will not occupy the present PL areas until the RIG integrates PL personnel (which must take place by about January 20), in deference to the PL argument that immediate occupation would create animosities which would jeopardize the implementation. In the interim, only a mixed military commission, RIG civilians, and police will enter the PL areas. When the military integration process is completed, 1500 PL troops will have been incorporated in the ANL (which at present has a strength of 26,000) and the balance of PL troops (about 5,500) will be sent home. The bulk of those discharged will become members of a newly created reserve which the RIG believes will assist its surveillance of former PL members. This disbanding of PL forces and the turning in of weapons will seriously weaken the overt military strength of the PL. Nevertheless, the Pathet Lao will retain considerable guerilla potential which can be coordinated by communications nets which we believe the communists to be broadening in many parts of Laos, they will retain some element of organization in the new reserve, they will gain some intelligence potential, and they will probably set aside some key cadres and arms within the borders of North Vietnam. The adverse aspects of this agreement to the RIG will be the additional opportunity created for subversion of its armed forces by the integrated Pathet Lao personnel.

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3. In accordance with the Political Agreements the PL has obtained two RIG cabinet posts and has obtained official recognition for the Neo

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Leo Hac Zat (NLHZ), successor to the PL, as a legal political party in Laos. The PL will supply the governor for Phong Saly Province, the vice governor^{for} for Sam Noua province, and half the governmental officials in the two provinces. The PL municipal officials in the two provinces will remain in place until local elections are held sometime within the next three months. Finally, the agreement officially recognized neutrality as the RIG foreign policy, and, by reference to earlier agreements, the right of the RIG to accept aid from any country.

4. While it is probable that delays will occur in the above time-schedule and it is even possible that the integration process may be halted because of actions by either party, both sides in general appear to be operating in a manner consistent with consummating the agreements. The RIG has made preparations for a dramatic assumption of administrative responsibility over Sam Noua between the 10th and 15th of December and over Phong Saly about ten days later. The mixed military commissions to supervise the integration of PL forces are moving into place in the two provinces, and the RIG has proceeded with its plans to establish four reception centers outside these provinces through which all discharged PL military will be processed. Finally Souvanna Phouma has sent two letters to the ICC respectively requesting the ICC to send inspection teams to the concentration centers within the two provinces, and to wind up ICC activities in Laos as soon as possible. Nevertheless, the PL, perhaps by threatening to disrupt unification, has been able to exercise some veto power over RIG appointments in the provinces.

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B. Courses of Action

5. While it is not possible to predict the future course of events in Laos with any certainty, it is possible to outline the strategy open to the Pathet Lao (or its successor the NLHZ) in the absence of a complete breakdown in the implementation of the political and military agreements, and to outline the apparent RIG counter strategy. In this regard, the Pathet Lao clearly will be trading a safe but stalemated and inflexible military base for a somewhat risky but open-ended and flexible political opportunity.

6. For its part the Pathet Lao, having decided to make the trade, almost certainly will not attempt a coup or act in flagrant violation of the agreements before supplementary elections so long as it estimates the RIG to be capable of coping with such threats reasonably well. During this period, the NLHZ's two main efforts will be to retain effective control over Phong Saly and Sam Neua by political and subversive means, and to undertake vigorous electioneering throughout Laos fully consistent with its legal political status. Meanwhile, the underground communist party, which we believe to be advising the NLHZ, will seek to protect and improve the communications and organizational assets that now exist throughout Laos in varying but undetermined strengths. In addition, communist propagandists will seek to defend Souvanna Phouma against his political enemies, so long as he does not seriously disrupt their strategy, and NLHZ agents will seek to court Bong Souphanouvong and other leftist elements of existing parties.

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7. In attempting to retain effective control over Sam Neua and Phong Saly, the Pathet Lao are aided by interim status quo elements in the agreements and by the effects of their own past indoctrination and propaganda efforts. They will seek to interpret every vague element of the agreements in their favor, being constrained only by their wish to avoid justifying a charge of flagrant bad faith. Moreover, the PL already has managed to gain some veto power over RIG appointments in the two provinces, perhaps by subtly threatening Souvanna with stopping the unification if he violates the spirit of the agreement by unfriendly appointments. The PL probably realize that Souvanna, because he largely ignored admonitions by the opposition regarding PL bad faith, would find it somewhat embarrassing to make the charge of bad faith without overwhelming evidences. Finally, the PL can be expected to utilize every available means to influence the outcome of the municipal elections in their favor.

8. On the Assembly elections question, the NLHZ prior to the supplementary elections in March will continue to emphasize themes which have popular appeal such as peace, independence, neutrality, anti-corruption, and economic progress. Past RIG financial scandals and economic stagnation will provide abundant raw material to embarrass the Katay and Phoui factions particularly, and the NLHZ Minister of Planning in the coalition cabinet will have some access to financial information which could provide more fodder. Although some attention will be given to the appropriate Laotian definition of neutrality,

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these rather controversial points probably will be treated cautiously until the NLHZ position becomes better established. Insofar as only 20 of the total of 59 Assembly seats will be at stake in the supplementary elections of next March, it is unlikely that the NLHZ can upset the present balance of political power in Laos by the spring of 1958. The balance, however, could be upset by the general elections scheduled for December, 1960.

9. For its part, the RIG strategy appears to be designed primarily to control the personnel known to be associated with the Pathet Lao activities and to continue its recently initiated anti-Communist propaganda campaign throughout Laos. Legal recognition of the NLHZ, quite apart from the powerful weapon it gives communist propagandists in Southeast Asia, will make it difficult for the RIG to contain the movement despite the modest improvements in RIG security forces over the past year and the general effectiveness of Operation Brotherhood and the mutual aid teams. To offset the Amnesty Law, the RIG has the "duties of citizens" law, but the anti-Communist law proposed earlier by Katay has not been passed and chances for its passage will tend to lessen in the absence of a cause celebre.

10. There is some danger that the RIG will initiate and carry out military and para military operations against the PL, the most probable timing being after the ANL has occupied the PL areas but before the

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supplementary elections. Although Prime Minister Souvanna Phouma almost certainly will oppose actions which seriously jeopardize unification, Col. Ouane, the forceful Chief of Staff of the ANL, has admitted to Souvanna that he plans a military clean-up, including a coup of the RLG if necessary, in the event of Pathet Lao bad faith. Souvanna has indicated some inclination to go along with Ouane in operations against the PL. There are other forces favoring a coup, and if a coup is mounted, they almost certainly will seize upon some real or fabricated indication of Pathet Lao bad faith as justification. In this event the Pathet Lao would have some recourse to the ICC, but more importantly, the DRV or Communist China might intervene, thereby creating a "local war" which the RLG would be incapable of waging successfully.

What will be its goal?

11. In the event that the Bloc did not intervene, the Pathet Lao, depending upon the timing of the ANL action, would either revert to its previous military base position or, if that were no longer possible, could organize either widespread guerilla activities or political infiltration by playing on the strong sentiment for peace and unification throughout Laos. In the latter possibility, the underground communist party would swing its political support behind leftist factions of existing political parties. (This would achieve at least part of the PL's present political opportunity by indirect means.) Meanwhile, the ICC, which is largely sympathetic to the unification of Laos under the present terms,

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would probably publicize findings unfavorable to the RIG and which might even accuse the United States of supporting the RIG actions.

C. Outlook

12. On balance, assuming implementation of the agreements, it now appears that the RIG strategy will continue to be based on the one-sided and essentially negative fear of communism, with its emphasis on anti-subversion, while the Pathet Lao will probably have a strategy which combines a strong subversive threat and exploitation of ambiguities in the political and military agreements with the positive appeals of anti-corruption in government and economic progress. If those respective strategies are followed, then given the superior Communist unity of effort, Communist forces are almost certain to rise to dominance in Lao politics with a few years, as the PKI appears to be emerging in Indonesia, except in the unlikely event that the RIG can wipe out the Pathet Lao personnel and organizational assets throughout Laos very quickly. Such an RIG success now appears unlikely because the Pathet Lao have been largely successful in maintaining secrecy in their operations. The RIG at the moment does not appear to have an operational alternative strategy because it lacks the wherewithal to finance positive programs on a significant scale. As Lao political forces tend increasingly to coalesce on the left and the right, the forces of the left will increasingly demand economic progress and this will make Laos increasingly vulnerable to Bloc aid offers.

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13. Although the longer range outcome will be significantly dependent on US policy and assistance, RIG activities in the interim are to a considerable degree outside the control of the US except that the withdrawal of US aid would cripple RIG anti-subversion efforts. The Pathet Lao has apparently convinced Souvanna that the US is bluffing in its implicit threat to withdraw aid, and the French have probably advised him along similar lines.* Moreover, the Pathet Lao may have renewed earlier Chinese Communist offers of aid in order to bolster Souvanna. Souvanna's official view is that unification of Laos is of over-riding importance and while he does not believe that friendly nations will cease their aid, if this does happen, "Laos will have to make use of her natural resources." With Katay rendered inactive by paralysis and Phoui's Independents now cooperating with Souvanna, Souvanna appears to be firmly in the driver's seat and in the absence of a coup his views will probably prevail.

* On 20 November the daily bulletin of the French Embassy in Vientiane carried the estimate that "it is unlikely that America would risk pushing Laos into the Communist camp by cutting off supplies on which independence hangs." It is probable that the French are attempting to trade some of their influence in Laos, which is significant, for a more sympathetic US attitude toward their policy in North Africa. In addition to the position on US aid, the cited bulletin made invidious comparisons of French and US policies vis-a-vis the unification of Laos which placed the US in a position of isolation in opposing the will of the people of Laos. (see Vientiane 857)

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D. Recommendation

14. The existing estimate on Laos* points up the disunited nature of Lao political parties and leadership, identifies the major forces operating in the present situation, and in effect estimates a period of some six months in which to prepare for the probable acceptance of a settlement without adequate safeguards. If the present settlement moves according to schedule, as now appears likely, such a result will have been achieved by March 1958, or shortly thereafter, with the holding of supplementary elections. Insofar as the supplementary election for 20 additional seats in the National Assembly is unlikely to upset the present political balance in Laos, it is not believe that an additional National Estimate is required until after the spring of 1958 at which time there should be some concrete evidence of the polling strength of the NPHZ. However, it should be noted that the chances for military action are now somewhat greater than was estimated in NIE 68-57 which largely ruled out such activity, and the outbreak of hostilities might require a special NIE.

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* NIE 68-57, Probable Developments in Laos over the Next Few Months, Published 22 August 1957.

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